

COMMITMENT FOR TITLE INSURANCE ISSUED BY

PACIFIC NORTHWEST TITLE INSURANCE COMPANY, INC.

PACIFIC NORTHWEST TITLE INSURANCE COMPANY, INC., a Washington corporation, herein called the Company, for a valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor; all subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

Signed under seal for the Company, but this Commitment shall not be valid or binding until it bears an authorized Countersignature.

IN WITNESS WHEREOF, Pacific Northwest Title Insurance Company, Inc. has caused its corporate name and seal to be hereunto affixed by its duly authorized officers on the date shown in Schedule A.



PACIFIC NORTHWEST TITLE
Insurance Company, Inc.



President

Countersigned by:

Authorized Signatory

Stewart Title Company of Wa., Inc.

Seattle, Washington

Company

City, State

STEWART TITLE COMPANY
OF WASHINGTON, INC.
1201 Third Avenue, Suite 3800
Seattle, Washington 98101
Senior Title Officer, Julie Goodman
Title Officer, Lori Gamman
Unit No. 8
FAX Number 206-343-8403
Telephone Number 206-343-1328

Douglas Management
P.O. Box 3757
18000 Pacific Highway South #200
Seattle, Washington 98124-3757
Attention: Christel Holm
Customer Ref.: Swan Bay Holdings, Inc.

Title Order No.: 270849

A. L. T. A. COMMITMENT
SCHEDULE A

Effective Date: May 26, 1995, at 8:00 a.m.

1. Pacific Northwest Title Insurance Company Policy(ies) to be issued:

A.	ALTA Owner's Policy	Amount	\$1,200,000.00
	Standard (X) Extended ()	Premium	\$ 2,570.00
		Tax	\$ 210.74

COMMERCIAL RATE
Proposed Insured:

SWAN BAY HOLDINGS, INC.

B.	ALTA Loan Policy	Amount	\$890,000.01 to \$900,000.00
	Standard (X) Extended ()	Premium	\$ 90.00
		Tax	\$ 7.38

NOTE: THE FORTHCOMING LENDERS POLICY WILL REFLECT THE SPECIFIC
LIABILITY CONTAINED ON THE INSURED DEED OF TRUST.

Proposed Insured: APPROPRIATE LENDER

2. The estate or interest in the land described herein and which is covered by this commitment is fee simple.
3. The estate or interest referred to herein is at Date of Commitment vested in:

DOUGLAS MANAGEMENT COMPANY, an Alaska corporation

4. The land referred to in this commitment is situated in the County of King, State of Washington, and described as follows:

As on Schedule A, page 2, attached.

A.L.T.A. COMMITMENT
SCHEDULE A
Page 2

The land referred to in this commitment is situated in the county of King, state of Washington, and described as follows:

PARCEL A:

That portion of the abandoned bed of the Duwamish River in the northwest quarter of Section 29, Township 24 North, Range 4 East, W.M., in King County, Washington, lying southwesterly of the southwesterly margin of the Commercial Waterway District Number 1 right-of-way and lying easterly of the right-of-way and said right-of-way extended south as conveyed by Commercial Waterway District Number 1 to the State of Washington Highway Department, dated July 3, 1953, and recorded under Recording Number 4362487, and north of a line described in decree entered in King County Superior Court Cause No. 732439, which line begins on the westerly margin of the right-of-way of Commercial Waterway District Number 1 at a point which is north 42°24'31" west along said right-of-way 127.52 feet from its intersection with the north line of Block 1 of the Plat of Portland and Puget Sound Railway Addition, according to the plat thereof recorded in Volume 5 of Plats, page 74, in King County, Washington;
thence south 86°42'16" west along said line 433.36 feet;
thence south 23°37'09" west along said line 46.48 feet to the south line of Seaport Addition, according to the plat thereof recorded in Volume 19 of Plats, page 60, in King County, Washington, extended;
thence south 86°02'59" west along said southerly line 150 feet, more or less, to the end of said line;
EXCEPT any portion thereof, if any, which may lie within Lot 6, Block 5, of the Plat of said Seaport Addition.

PARCEL B:

Lots 7 and 8 in Block 1 of Portland and Puget Sound Railway Addition, according to the plat thereof recorded in Volume 5 of Plats, page 74, in King County, Washington.

END OF SCHEDULE A

STEWART TITLE COMPANY OF WASHINGTON, INC.

A.L.T.A. COMMITMENT

Schedule B

Order No. 270849

I. The following are the requirements to be complied with:

- A. Instruments necessary to create the estate or interest to be insured must be properly executed, delivered and duly filed for record.
- B. Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.

II. Schedule B of the Policy or Policies to be issued (as set forth in Schedule A) will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

- A. Defects, liens, encumbrances, adverse claims or other matters, if any created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
- B. GENERAL EXCEPTIONS:
 - 1. Rights or claims of parties in possession not shown by the public records.
 - 2. Public or private easements, or claims of easements, not shown by the public record.
 - 3. Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or inspection of the premises.
 - 4. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records, or Liens under the Workmen's Compensation Act not shown by the public records.
 - 5. Any title or rights asserted by anyone including but not limited to persons, corporations, governments or other entities, to tide lands, or lands comprising the shores or bottoms of navigable rivers, lakes, bays, ocean or sound, or lands beyond the line of the harbor lines as established or changed by the United States Government.
 - 6. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water.
 - 7. Any service, installation, connection, maintenance, capacity, or construction charges for sewer, water, electricity or garbage removal.
 - 8. General taxes not now payable or matters relating to special assessments and special levies, if any, preceding the same becoming a lien.
 - 9. Indian tribal codes or regulations, Indian treaty or aboriginal rights, including, but not limited to, easements or equitable servitudes.
- C. SPECIAL EXCEPTIONS: As on Schedule B, attached.

A.L.T.A. COMMITMENT
SCHEDULE B
Page 2

SPECIAL EXCEPTIONS:

1. Terms and conditions of Stipulation and Agreement entered September 27, 1974 under King County Superior Court Cause Number 732439. Said Agreement established the southerly boundary line of said premises.

AFFECTS: Parcel A

2. Any question that may arise due to shifting and changing in course of the Duwamish River.

AFFECTS: Parcel A

3. Right of the state of Washington in and to that portion, if any, of the property herein described which lies below the line of ordinary high water of the Duwamish River.

AFFECTS: Parcel A

4. Any prohibition of or limitation of use, occupancy or improvement of the land resulting from the rights of the public or riparian owners to use any portion which is now or has been formerly covered by water.

AFFECTS: Parcel A

5. Paramount rights and easements in favor of the United States for commerce, navigation, fisheries and the production of power.

6. AGREEMENT AND THE TERMS AND CONDITIONS THEREOF:

BY AND BETWEEN: Seattle Ready Mix and Seattle Water Department

DATED: December 18, 1969

RECORDED: December 29, 1969

RECORDING NUMBER: 6603356

REGARDING:

No protest agreement

(continued)

A.L.T.A. COMMITMENT
SCHEDULE B
Page 3

7. GENERAL AND SPECIAL TAXES AND CHARGES: FIRST HALF DELINQUENT MAY 1, IF UNPAID: SECOND HALF DELINQUENT NOVEMBER 1, IF UNPAID:

YEAR: 1995
TAX ACCOUNT NUMBER: 292404-9090-07
LEVY CODE: 0010

CURRENT ASSESSED VALUE: Land: \$809,000.00
Improvements: \$320,000.00

GENERAL TAXES:

AMOUNT BILLED: \$12,582.58
AMOUNT PAID: \$ 6,291.29
AMOUNT DUE: \$ 6,291.29

SPECIAL DISTRICT:

AMOUNT BILLED: \$1.25
AMOUNT PAID: \$.63
AMOUNT DUE: \$.62

NOTE: IF THE TAXES AND CHARGES CANNOT BE DIVIDED EQUALLY BY 2, THE HIGHER AMOUNT MUST BE PAID FOR THE FIRST HALF PAYMENT.

AFFECTS: Parcel A

8. SURFACE WATER MANAGEMENT SERVICE CHARGE, LEVIED PURSUANT TO KING COUNTY ORDINANCE NO. 7590 OR CITY OF SEATTLE ORDINANCE NO. 114155; FIRST HALF PAYMENT DELINQUENT MAY 1, IF UNPAID, SECOND HALF PAYMENT DELINQUENT NOVEMBER 1, IF UNPAID:

YEAR: 1995
AMOUNT BILLED: \$1,298.76
AMOUNT PAID: \$ 649.38
AMOUNT DUE: \$ 649.38
TAX ACCOUNT NUMBER: 292404-9090-07

NOTE: If the taxes cannot be divided equally by 2, the higher amount must be paid for the first half payment. The above charges are payable with general taxes. Payment should be made to the King County Director of the Office of Finance.

AFFECTS: Parcel A

(continued)

A.L.T.A. COMMITMENT
SCHEDULE B
Page 4

9. GENERAL AND SPECIAL TAXES AND CHARGES: FIRST HALF DELINQUENT MAY 1, IF UNPAID: SECOND HALF DELINQUENT NOVEMBER 1, IF UNPAID:

YEAR: 1995
TAX ACCOUNT NUMBER: 687120-0035-08
LEVY CODE: 0010

CURRENT ASSESSED VALUE: Land: \$15,600.00
Improvements: NONE

GENERAL TAXES:

AMOUNT BILLED: \$173.86
AMOUNT PAID: \$ 86.93
AMOUNT DUE: \$ 86.93

SPECIAL DISTRICT:

AMOUNT BILLED: \$1.25
AMOUNT PAID: \$.63
AMOUNT DUE: \$.62

NOTE: IF THE TAXES AND CHARGES CANNOT BE DIVIDED EQUALLY BY 2, THE HIGHER AMOUNT MUST BE PAID FOR THE FIRST HALF PAYMENT.

AFFECTS: Parcel B

10. SURFACE WATER MANAGEMENT SERVICE CHARGE, LEVIED PURSUANT TO KING COUNTY ORDINANCE NO. 7590 OR CITY OF SEATTLE ORDINANCE NO. 114155; FIRST HALF PAYMENT DELINQUENT MAY 1, IF UNPAID, SECOND HALF PAYMENT DELINQUENT NOVEMBER 1, IF UNPAID:

YEAR: 1995
AMOUNT BILLED: \$5.00
AMOUNT PAID: \$2.50
AMOUNT DUE: \$2.50
TAX ACCOUNT NUMBER: 687120-0035-08

NOTE: If the taxes cannot be divided equally by 2, the higher amount must be paid for the first half payment. The above charges are payable with general taxes. Payment should be made to the King County Director of the Office of Finance.

AFFECTS: Parcel B

(continued)

A.L.T.A. COMMITMENT
SCHEDULE B
Page 5

11. MORTGAGE AND THE TERMS AND CONDITIONS THEREOF:

MORTGAGOR:	Alaska Western Industries, Inc.
MORTGAGEE:	Charles R. Hartman
AMOUNT:	\$287,500.00
DATED:	June 29, 1976
RECORDED:	August 31, 1976
RECORDING NUMBER:	7608310914
AFFECTS:	Includes other property

The amount now secured by said Mortgage and the terms upon which the same can be discharged or assumed should be ascertained from the holder of the indebtedness secured.

12. Unrecorded leaseholds, if any; rights of vendors and holders of security interests on personal property installed upon said property and rights of tenants to remove trade fixtures at the expiration of the term.
13. Evidence of the identity and authority of the officers of Douglas Management Company, an Alaska corporation to execute the forthcoming instrument must be submitted.
14. Payment of Real Estate Excise Tax, if required.

The property described herein is situated within the boundaries of local taxing authority of City of Seattle.

Present Rate of Real Estate Excise Tax as of the date herein is 1.78%.

NOTE 1: A search of the records has disclosed nothing derogatory against Swan Bay Holdings, Inc.

NOTE 2: Please be aware that should this transaction cancel, there will be a minimum cancellation fee of \$50.00 plus tax of \$4.10.

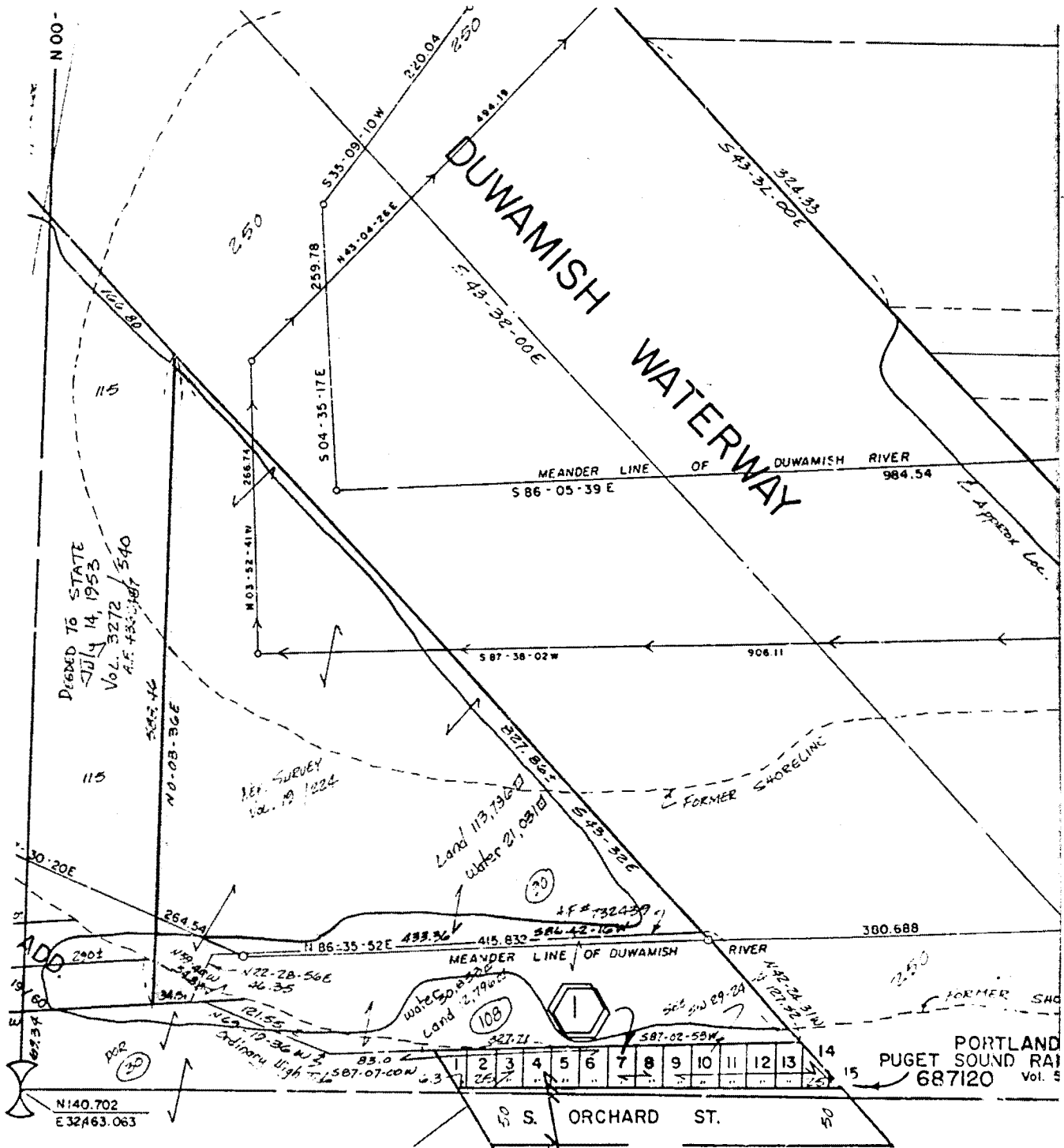
END OF SCHEDULE B

Title to this property was examined by:

Mick Foley

Any inquiries should be directed to one of the title officers set forth in Schedule A.

MCF/tdt/6320I



"A Tradition of Excellence"

STEWART TITLE COMPANY OF WASHINGTON, INC.

Order No. 270849

IMPORTANT: This is not a Plat of Survey. It is furnished as a convenience to locate the land indicated hereon with reference to streets and other land. No liability is assumed by reason of reliance hereon.

NORTH



SOUTH

AFTER RECORDING MAIL TO:

DOUGLAS MANAGEMENT COMPANY
P.O. Box 3757
Seattle, Washington 98124-3757
ATTN: Christel Holm

Jan 7 1994

QUIT CLAIM DEED

THE GRANTOR, ALASKA MARINE LINES, INC., a Washington corporation for and in consideration of transfer to affiliated corporation as contributed capital surplus conveys and quit claims to DOUGLAS MANAGEMENT COMPANY, an Alaska corporation qualified to do business in the State of Washington, the following described real estate, situated in the County of King, State of Washington, including any interest therein which grantor may hereafter acquire:

For legal description see attached Exhibit A and by this reference incorporated herein

IN WITNESS WHEREOF, said corporation has caused this instrument to be executed by its proper officers and its corporate seal to be hereunto affixed this tenth day of December, 1993.

ALASKA MARINE LINES, INC.
a Washington corporation

By [Signature]
President

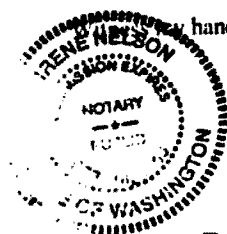
By [Signature]
Secretary



STATE OF WASHINGTON)
County of King) ss.

On this tenth day of December, 1993, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Alexander S. McKallor and Richard A. Korpela to me known to be the President and Secretary, respectively of ALASKA MARINE LINES, INC., the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

written. hand and official seal hereto affixed the day and year first above



Irene Nelson
Notary Public in and for the State of Washington,
residing at Seattle

My commission expires 2-18-95

9401140608 08155100 W KING COUNTY RECORDS (2) 211

9401140608

E1353376 01/13/1994

.00 .00

EXHIBIT A

PARCEL 1:

Lots 7 and 8 in Block 1 of Portland and Puget Sound Railway Addition, as per plat recorded in Volume 5 of Plats, page 74, records of King County; Situate in the County of King, State of Washington, and

A portion of the abandoned bed of Duwamish River in the Northwest 1/4 of Section 29, Township 24 North, Range 4 East, W.M., lying Southwesterly of the Southwesterly margin of the Commercial Waterway District No. 1 right of way; lying Northerly of the Government Meander Line on the left bank of the Duwamish River; and lying Easterly of the right of way conveyed by Commercial Waterway District No. 1 to State of Washington Highway Department, dated July 3, 1953, and recorded under Auditor's File No. 4362487, records of King County; and

That portion of Section 29, Township 24 North, Range 4 East, W.M., described as follows:

Beginning at the intersection of the Westerly margin of Commercial Waterway District #1 right of way with the Government Meander Line in front of Government Lot 8 in said Section 29; thence South $86^{\circ}35'52''$ West along said Meander Line 415.98 feet to an angle point in said Meander Line; thence North $67^{\circ}30'20''$ West along said Meander Line 20.66 feet to the true point of beginning; thence South $22^{\circ}29'40''$ West 49.24 feet; thence North $59^{\circ}40'$ West 44.13 feet to a point on the Easterly line of the right of way conveyed to the State of Washington by deed recorded under Auditor's File No. 4362487; thence North $0^{\circ}03'06''$ East along said right of way line to a point from which the true point of beginning bears South $67^{\circ}30'20''$ East; thence South $67^{\circ}30'20''$ East to true point of beginning;

SUBJECT TO judgment entered into September 27, 1974, in the case of Jack Trotsky, et ux, et al., v. John Farrell, et ux, et al., King County Superior Court Cause No. 732439,

Situate in the City of Seattle, County of King, State of Washington.

9401140608

Date December 18, 1969

To, Seattle Ready Mix

Address 100 South River Street

Tap # 17151b

Legal description attached.

6600056

for and in consideration of the Seattle Water Department granting a permit to connect a temporary water service in 1st Avenue South for above property hereby agree that no protests can be made by above party heirs and assigns, against the construction of or assessment for a permanent watermain which will necessarily be constructed in the street to serve this property.

This agreement shall be a covenant running with the land and shall be binding upon all parties and their heirs and assigns until the permanent watermain to serve the above described property has been constructed and the assessment roll or cost per property therefor certified to the City Treasurer for collection, or payment.

IN WITNESS WHEREOF I have hereunto set my hand and seal the day and year first above written.

Ch. Nelson (SEAL)

(SEAL)

STATE OF WASHINGTON)

COUNTY OF KING)

SS

I, Arthur C. Foster, a Notary Public in and for the State of Washington, residing at Seattle, do hereby certify that on this 18 day of December, 1969, personally appeared before me A. C. Foster, to me known to be the individual(s) described herein and who executed the within instrument and acknowledged that she signed and sealed the same as she free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

Arthur C. Foster
Notary Public in and for the State of
Washington, residing at Seattle

DEC 29 1969

2 sheets

12672

REAL ESTATE CONTRACT

THIS CONTRACT was made and signed by, the
 ONE to, FRANK and FRANK S. FRANK, his wife, a - husband and wife and
 GEORGE FRANK FRANK, JR., a Washington, D.C., incorporated and "partner"
 WITNESSETH the above parties all state partners and do partners agree to the following

FRANK to FRANK and FRANK S. FRANK, his wife, and FRANK FRANK FRANK, JR.,
 do hereby executed in Volume 1 of State, page 10, records of King County, State
 of Washington, the following:

A portion of the standard lot of FRANK FRANK FRANK, his wife, and FRANK FRANK FRANK, JR.,
 do hereby executed in Volume 1 of State, page 10, records of King County, State
 of Washington, the following:

FRANK S. FRANK, FRANK FRANK FRANK, JR., and FRANK FRANK FRANK, JR.,

do hereby executed in Volume 1 of State, page 10, records of King County, State
 of Washington, the following:

FRANK S. FRANK, FRANK FRANK FRANK, JR., and FRANK FRANK FRANK, JR.,
 do hereby executed in Volume 1 of State, page 10, records of King County, State
 of Washington, the following:

FRANK S. FRANK, FRANK FRANK FRANK, JR., and FRANK FRANK FRANK, JR.,

2 copies

JUN 6 - 1936

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EXHIBIT A

PARCEL 1: Lots 7 and 8, in Block 1 of Portland and Puget Sound Railway Addition, as per plat recorded in Volume 5 of plats, page 74, records of King County, situate in the County of King, State of Washington.

7608310914
A portion of the abandoned bed of Duwamish River in the Northwest 1/4 of Section 29, Township 24 North, Range 4 East W.M., lying Southwesterly of the Southwesterly margin of the Commercial Waterway District No. 1, right of way, lying Northerly of the Government Meander Line on the left bank of the Duwamish River, and lying Easterly of the right of way conveyed by Commercial Waterway District No. 1 to State of Washington Highway Department, dated July 3, 1933, and recorded under Auditor's File No. 4362487, records of King County, situate in the County of King, State of Washington.

PARCEL 2: That portion of Government Lot 8 in Section 29, Township 24 North, Range 4 East W.M., and of the abandoned bed of Duwamish River fronting thereon, described as follows:

Beginning at the point of intersection of the Southwesterly margin of Commercial Waterway District No. 1 right of way with the Government Meander line on the left bank of Duwamish River, and running thence Westerly along said Government Meander Line, to a point thereon which is intersected by the Westerly line of Portland and Puget Sound Railway Addition, as per plat recorded in Volume 5 of Plats, on page 74; records of King County, extended Northerly, said point being the true point of beginning of the tract herein described; thence Southeasterly, along the extended Westerly line of said Portland and Puget Sound Railway Addition, to its intersection with the line of ordinary high tide on the left bank of Duwamish River; thence Westerly and Northwesterly, along said ordinary high tide line; to its intersection with the Southerly line of Seaport Addition, as per plat recorded in Volume 19 of Plats, page 60, records of King County, thence South 84°54'45" West along said Southerly line, to its intersection with the Easterly margin of right of way conveyed to the State of Washington, under deed dated July 3, 1933, and recorded under Auditor's File No. 4362487, records of King County, or of said Easterly line extended Southerly; thence Northerly, along said Easterly line, or said extended line, to intersect the Government Meander Line on the left bank of said Duwamish River; thence Easterly, along said Government Meander Line, to the true point of beginning.

Situate in the County of King, State of Washington.

7608310714

MAY 31 4 29 PM '75

RECORDED IS RECORD